External Debt of India

72. SHRI ASHOK MITRA : Will the Minister of FINANCE be pleased to state:

(a) the country's aggregate external debt servicing obligations during 1994-95, 1995-96 and 1996-97;

(b) whether further external borrowings are proposed to meet these obligations: and

(c) if so, the sources from which such borrowings are proposed to be sought?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED):(a) Total debt servicing payments made by the country during 1992-93 were US $ 8.2 billion which constituted 30.8 per cent of current receipts. Future debt service payments depend not only on past borrowings but also on current and future borrowings. These depend upon the movements in various items under both current and capital accounts of the balance of payments which, in turn, depend on a number of factors. Given the complexity of the situation it is not possible to indicate the exact future debt service schedule.

(b) and (c) Financing of the debt service payments cannot be seen in isolation of the movements in various items under both current and capital accounts of the balance of payments. In the long run, the capacity for debt servicing is broadly determined by the growth of the exports an other foreign exchange earnings. The Government intends to meet all its debt servicing obligations as and when they arise.

Terms of Reference of Finance Commission

73. SHRI ASHOK MITRA : will the Minister of FINANCE be pleased to state:

(a) the considerations taken into account before finalising the terms of reference of the Finance Commissions;

(b) the procedure, if any, for consulting the State Governments before deciding the composition of the Commission; and

(c) whether it is proposed to leave decisions on such matters to the Inter-State-council?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKAR MURTHY): (a) Article 280 of the Constitution provides that the President shall within two years from the commencement of the Constitution and thereafter at the expiration of every fifth year as such earlier time as he considers necessary, constitute a Finance Commission consisting of a Chairman and four other members. The basic terms of reference of the Finance Commission are enshrined in Article 280 (3) of the Constitution itself. The duty of the Finance Commission, as per Article 280 (3), is to make recommendations as to—

(A) the distribution between the Union and the States of the net proceeds of taxes which arc to be, or may be. divided between them under Chapter I of part XII of the Constitution and the allocation between the States of the respective shares of such proceeds;

(B) the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India;

(C) any other matter referred to the Commission in the interest of sound finance.

(b) The terms of reference to the